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SUBJECT: FOURTH ANNUAL AFRICAN FINE COFFEES
CONFERENCE AND EXHIBITION, ADDIS ABABA, ETHIOPIA,
FEBRUARY 15 - 17 2007.

¶1. With USAID support, the largest-ever coffee conference and exhibition in Africa was held from February 15-17 in Addis Ababa, Ethiopia, with approximately 600 participants representing 40 countries from around the world. The Fourth Annual Africa Fine Coffees Conference and Exhibition was organized by the Eastern Africa Fine Coffees Association (EAFCA) with technical and financial support from USAID East Africa's Regional Agricultural Trade Expansion Support (RATES) program and the USAID Ethiopia Mission.

¶2. In addition to over 450 regional coffee processors, traders and producers, the annual conference attracted over 150 international buyers representing major coffee companies from the US, Europe, Asia and Africa. Luminaries included Ernesto Illy, the founder of Illy Coffee Company of Italy, Mr. Tatsushi Ueshima, the president of Ueshima Coffee Company (UCC) Coffee Company of Japan, Mr. Dub Hay, the senior vice president of Starbucks Coffee Company and many other senior coffee executives and buyers.

¶3. Glenn Anders, the USAID Ethiopia Mission Director, delivered remarks at the conference's opening ceremony. He was quoted by local and international press. Mr. Anders noted that USAID is investing over one million U.S. dollars a year in Ethiopia to increase the technical skills of coffee farmers and sellers. The Mission provides a broad range of assistance, including support to improve production techniques and implement environmentally friendly post-harvest techniques. USAID Ethiopia has guaranteed nearly 6 million U.S. dollars in new credit over the last 18 months to help coffee cooperatives and agro-processors build their businesses.

¶4. During the keynote address delivered by Dub Hay, Senior Vice President of Starbucks, it was announced that Starbucks will implement a six-point plan to double purchases of African coffees over the next two

years. Starbucks currently buys 300 million pounds of coffee a year with six percent coming from Africa. The Seattle-based company will establish a help center in East Africa this year to counsel farmers on growing high quality coffee. Starbucks also announced that they will dedicate another 1 million U.S. dollars to providing small loans to farmers in East Africa. The company has already issued loans worth 9.5 million U.S. Dollars to farmers through non-governmental organizations.

¶15. With RATES support, EAFCA has evolved from a fledgling, donor-funded organization to a self-funded industry-driven private sector trade association. The conference is now fully funded through private sector support. This year's conference generated over 270,000 U.S. Dollars in net revenues for EAFCA through conference registration, exhibition booth rentals, and corporate sponsorships. Corporations such as Ethiopian Airlines contributed over 80,000 U.S. Dollars in direct corporate sponsorships of conference, educational and social events.

¶16. The associated exhibition attracted over 52 booths ranging from displays of coffee equipment and private companies showcasing their coffees to booths highlighting local and regional coffee producer organizations. The conference and exhibition were both held in the UN Conference Complex in Addis, allowing easy networking. Organizers have estimated that over 20 million U.S. Dollars in contracts will be signed as a direct result of the conference.

¶17. Other conference highlights included the first ever outcry auction, generating prices of 5.00 U.S.

Dollars/pound for certain lots of premium Ethiopian coffees compared to an average price of 1.45 U.S. Dollars for similar coffees sold through the traditional Ethiopian coffee auction system. Buyers were especially impressed with Ethiopian sun dried naturals. The auction highlighted the ability of specially selected high quality coffees to generate much higher prices for producers.

¶18. Coffees for the auction were pre-selected through a national-level cupping competition supported by USAID Ethiopia. In activities conducted around the city, EAFCA held its annual regional Taste of Harvest cupping competition to select the 50 best coffees from the region. Winners were announced at the closing ceremony and these coffees will be highlighted at upcoming international coffee trade shows. This effort was supported by CQI Coffee Corps, who provided 5 volunteers to serve as international judges. In addition, USAID Ethiopia sponsored the first-ever Ethiopia National Barista Championship with the winner crowned during the conference. The winner will represent Ethiopia at the World Barista Championship (WBC) to be held in Japan later this year.

¶19. To promote buyer-seller linkages, USAID Ethiopia sponsored a cocktail reception for representative producers and exporters of Ethiopian coffee, buyers from leading coffee consuming nations and their respective Ambassadors to Ethiopia, and Government of Ethiopia officials. This provided an opportunity for Ambassadors from countries such as Germany, Japan, Spain and the United States to meet and exchange views with their leading national coffee enterprises who attended the EAFCA conference.

¶10. The U.S. Ambassador, Donald Yamamoto, USAID Ethiopia Mission Director, and other USAID and U.S. Embassy officials also met with representatives of Starbucks and the Government of Ethiopia to discuss

the coffee trademark issue and Starbuck's plans to support the coffee sector in Ethiopia and East Africa.

¶11. Following the conference, EAFCA conducted a series of training courses open to EAFCA members and local coffee industry participants. Attendees received training in roasting, cupping, brewing and barista techniques. In addition, a course was held on futures trading and hedging partially sponsored by the New York Board of Trade (NYBOT) who provided the trainer, Ms. Judith Gaines, a renowned coffee market analyst.

¶12. Building upon the momentum of the EAFCA Conference, USAID Ethiopia launched the Ethiopian Coffee Forum on February 20, 2007 with over 50 stakeholders from the coffee industry (producers, processors, exporters, government officials, donors). The objective of the Coffee Forum is to conceive and collectively implement a market-driven vision and medium-term action plan to achieve the full potential of Ethiopia's coffee sector. USAID Ethiopia is also pursuing a Global Development Alliance (GDA) with the U.S. coffee industry to support this action plan.

¶13. Today, thanks to USAID's support to the Eastern Africa Fine Coffees Association (EAFCA), specialty coffee sales from the region have grown by an average of 25 percent annually over the last four years. During the 2005/06 coffee season, over 162 million U.S. dollars of specialty coffees (exceeding 80 points on the SCAA scale) were exported from nine EAFCA countries compared to a 2001 baseline total of 60 million U.S. dollars. This is a very good indication of the region's growing reputation for

producing some of the best coffees in the world.

¶14. For more information about the conference please visit www.eafca.org ? www.worldswildestcoffee.com ? www.ratescenter.org; or contact Stephanie Wilcock (swilcock@usaid.gov), Kenneth Kambona (kkambona@usaid.gov), Mike Klesh (mklesh@usaid.gov).

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